

ORIGINAL

STANDARD FORM 2
FEBRUARY 1965 EDITION
GENERAL SERVICES
ADMINISTRATION
FPR (41CFR) 101-6.601

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE:

4/27/2011

LEASE No. GS-09B-02095

THIS LEASE, made and entered into this date between 101 West Broadway LLC

whose address is: 101 West Broadway
Suite 820
San Diego, CA 92101-8206

and whose interest in the property hereinafter described is that of OWNER, hereinafter called the LESSOR, and the UNITED STATES OF AMERICA, hereinafter called the GOVERNMENT:

WITNESSETH: The parties hereto for the considerations hereinafter mentioned, covenant and agree as follows:

1. The Lessor hereby leases to the Government the following described premises:

19,849 rentable square feet (r.s.f.), yielding approximately 18,749 ANSI/BOMA Office Area square feet and related space located on the 15th Floor at the 101 West Broadway Building, 101 West Broadway, San Diego, CA 92101-8216, together with 22 onsite inside and structured parking spaces, as depicted on the attached (Exhibit A) (the "Premises"), to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION.

2. PARAGRAPH 2 IS INTENTIONALLY OMITTED

3. The Government shall pay the Lessor annual rent as follows:

Effective May 1, 2011 through April 30, 2014 annual rent of \$497,812.92 at the rate of \$41,484.41 per month in arrears. Upon the date the Government accepts the Tenant Improvements, the total and final Tenant Improvement Allowance to be amortized shall be added to the annual rent and amortized over the remaining firm term.

Effective May 1, 2014 through April 30, 2018 annual rent of \$563,314.62 at the rate of \$46,942.89 per month in arrears.

Rent for a lesser period shall be prorated.

Rent checks shall be payable to:

101 West Broadway LLC
101 West Broadway
Suite 820
San Diego, CA 92101-8287

4. The Government may terminate this lease in whole or in part effective any time on or after May 1, 2014 by giving at least ninety (90) days' prior notice in writing to the Lessor. No rental shall accrue after the effective date of termination. Said notice shall be computed commencing with the day after the date of mailing.

5. PARAGRAPH 5 IS INTENTIONALLY OMITTED

6. The Lessor shall furnish to the Government as part of the rental consideration, the following:
- A. The parking space(s) described in Paragraph 1 and parking spaces required by local code.
 - B. All labor, materials, equipment, design, professional fees, permit fees, inspection fees, utilities, construction drawings (including, without limitation, plans and specifications), construction costs and services and all other similar costs and expenses associated with making the space, common areas, and related facilities ready for occupancy in accordance with the requirements of this lease and the Government's approved Design Intent Drawings. Rent is subject to adjustment in accordance with Paragraph 3.3, "Tenant Improvement Rental Adjustment" of the SFO. All cost associated with services, utilities, maintenance, repair, replacement, inspections, improvements and other requirements as required by the Solicitation For Offers No. GS-09B-02095 and its attachments.
 - C. Adequate space for telecommunications antennae and transmission devices in accordance with Paragraph entitled, "Telecommunications: Local Exchange Access," of the Solicitation for Offers.

7. The following are attached and made a part hereof:

All terms, conditions, and obligations of the Lessor and the Government as set forth in the following:

- a) The Solicitation For Offers Number GS-09B-02095 (pages 1-45) (all references to SFO shall also refer to any Special Requirements and Amendments);
- b) GSA Form 3517 B (pages 1-33);
- c) GSA Form 3518 (pages 1-7);
- d) Sheet no. 1-2 containing Paragraphs 9-19;
- e) First generation Blue-Line Plan (Exhibit "A", page 1);
- f) Exhibit B, Finish Plan.

8. The following changes were made in this lease prior to its execution:

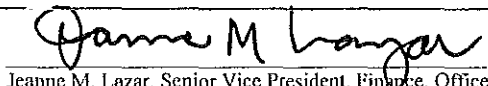
Paragraphs 2 and 5 of this STANDARD FORM 2 were deleted in their entirety. Paragraphs 9 through 19 have been added. The words "in whole" have been added after the word "lease" in Paragraph 4 prior to lease execution. The words "on or after the third (3rd) year firm term" have been added after the word "time" in Paragraph 4 prior to lease execution.

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

LESSOR: 101 West Broadway LLC

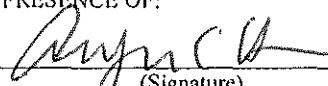
BY


Steven M. Case, EVP, Office Properties


Jeanne M. Lazar, Senior Vice President, Finance, Office Properties



IN PRESENCE OF:


(Signature)


(Address)

UNITED STATES OF AMERICA: GENERAL SERVICES ADMINISTRATION, Public Buildings Service:

BY


CONTRACTING OFFICER, GSA

SHEET NUMBER 1 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02095

9. **TO HAVE AND TO HOLD** the Premises with their appurtenances for the term beginning on May 1, 2011 through April 30, 2018 subject to termination rights as hereinafter set forth.
10. **TAX ADJUSTMENT:** This lease is not subject to tax escalations.
11. **OPERATING COST:** Pursuant to Paragraph 4.2, "Operating Costs", the base rate for purposes of operating cost escalation is established at \$5.73 per rentable square foot per annum.
12. **ADJUSTMENT FOR VACANT PREMISES:** Pursuant to Paragraph 4.3, "Adjustment for Vacant Premises", in the event of the Government vacating in whole or in part prior to lease expiration, the rental will be reduced by \$2.50 per rentable square foot per annum for operating expenses. The Adjustment for Vacant Premises rate shall be escalated annually based upon SF-2 Paragraph 11, "Operating Cost."
13. **OVERTIME USAGE:** Pursuant to Paragraph 4.5, "Overtime Usage", upon request by the GSA Field Office Manager, the Lessor shall provide heating, ventilation, and air-conditioning (HVAC) at any time beyond normal service hours (6:30 a.m. – 5:30 p.m., Monday through Friday, and except Federal Holidays ("Normal Hours")), at a rate of \$80.00 per hour. The Lessor will not charge the Government if Lessor otherwise provides these services to other building tenants during the Government's overtime hours. The Lessor must submit a proper invoice quarterly to GSA Building Manager or designee located at 880 Front Street, Suite 4236, San Diego, California 92101-8897, to receive payment.
14. **24 HOUR ROOMS:** The Overtime Usage rate specified above shall not apply to any portion of the Premises that is required to have heating and cooling 24 hours per day as specified by the Lease. In the event additional 24 Hour Rooms are required, the charges for heating and cooling of these areas shall be separately metered and charged to the Government for operations after "Normal Hours". To receive payment, the Lessor must submit a proper invoice quarterly to GSA Building Manager or designee located at 880 Front Street, Suite 4236, San Diego, California 92101-8897.
15. **TENANT IMPROVEMENT ALLOWANCE:** The maximum Tenant Improvement Allowance has been established by Paragraph 3.2, "Tenant Improvements Included in Offer." The total and final amount of Tenant Improvement Allowance, to be amortized, shall be established upon completion and acceptance of the Tenant Improvements Price Proposal as outlined in SF-2 paragraph 16 E. Upon the date the Government accepts the Tenant Improvements, the total and final amount of Tenant Improvement Allowance to be amortized shall be memorialized in a Supplemental Lease Agreement and the annual rent shall be updated to reflect this amortization amount. This total and final Tenant Improvement Allowance shall be amortized over the remaining 3 year firm term of the lease agreement at an interest rate (amortization rate) of 8.5% per year with the amortization term commencing the date the Government accepts the Tenant Improvements. The amortization term shall not exceed the firm term of this Lease.
16. **CONSTRUCTION SCHEDULE AND ACCEPTANCE OF TENANT IMPROVEMENTS:**
- A. The construction schedule shall commence upon lease award, unless otherwise expressly agreed by the Lessor and Government as stated in the lease. The schedule shall be divided into three tasks for each phase. These are: 1) the TI submittal, review and Notice to Proceed (NTP) process; 2) the Lessor's construction of the subject leased area; and 3) the Government's acceptance of the Lessor's construction. Each of these tasks is detailed below. References to "approval" shall mean such approval granted by the GSA Contracting Officer. During the construction schedule, the Government may request regularly scheduled progress meetings and request that the Lessor keep meeting minutes of discussion topics and attendance. During construction, the Lessor may discover instances where the Government's directives conflict. In such cases, the Lessor shall immediately notify the GSA Contracting Officer so that the Government may issue a determination as to how to proceed beyond the building shell.
- E. **TENANT IMPROVEMENTS PRICE PROPOSAL**
Within 5 days of award, the Lessor must submit the written price proposal based on Exhibit B, "Finish Plan" along with adequate cost and pricing data or the documentation of the competitive proposals (as described in the SFO paragraph 5.2 entitled, "Tenant Improvements Pricing Requirements") and for any costs or credits to the Government that are beyond the scope of the original SFO and its attachments.
- Failure to submit these budget and price proposals referenced above will constitute Lessor delay. In the event that either the budget proposal or price proposal exceeds the Tenant Improvement Allowance specified in the Lease, then the construction schedule shall be revised to afford the Government sufficient time to review and resolve the difference.
- After negotiation and acceptance of the Tenant Improvements price, **A NOTICE TO PROCEED SHALL BE TRANSMITTED TO THE LESSOR**, and the Lessor shall commence construction of the Tenant Improvements.
- F. **CONSTRUCTION OF TENANT IMPROVEMENTS:**
The Lessor shall construct all Tenant Improvements in accordance with 1) Exhibit B, "Finish Plan" and 2) all terms and conditions of the SFO. The Lessor shall complete Tenant Improvements within 60 calendar days of receiving the notice to proceed from the Government. The Lessor shall furnish a detailed construction schedule (such as Critical Path Method) to the Government within 5 days of issuance of the notice to proceed. Such schedule shall also include a phasing plan for work that will interrupt the day-to-day operations of the Government. This phasing plan is for the purposes of accommodating both normal

Initials: SM & DM
Lessor Government

and after hours construction work. The phasing plan will be reviewed and adjusted at the Government's discretion before it is finalized and carried out by the General Contractor. The Government reserves the right to access any space within the building during the conduct of interior construction for the purposes of performing inspections or for installing Government-furnished equipment. The Government shall coordinate with the Lessor the activity of Government contractors in order to minimize conflicts with, and disruption to, other contractors on site. Access shall not be denied to authorized Government officials including, but not limited to, Government contractors, subcontractors, or consultants acting on behalf of the Government with regard to this project.

G. ACCEPTANCE OF SPACE:

5 days prior to the completion of interior construction, the Lessor shall issue written notice to the Government to inspect the space. The Government shall have 5 days to inspect and to either accept or reject the subject space.

1. Substantially completed space will be accepted by the Government subject to the completion of minor punch list items (see the Definitions paragraph of GSA Form 3517, General Clauses). Space which is not substantially complete will not be accepted by the Government. Should the Government reject the Lessor's space as not substantially complete as defined herein, the Lessor shall immediately undertake remedial action and when ready shall issue a subsequent notice to inspect to the Government.
 2. Neither the Government's acceptance of the Premises for occupancy or acceptance of related appurtenances, nor the Government's occupancy of the Premises, shall be construed as a waiver of any requirement or right of the Government under this lease, or as otherwise prejudicing the Government with respect to any such requirement or right, or as an acceptance of any latent defect or condition.
17. **UNAUTHORIZED IMPROVEMENTS:** All questions pertaining to this lease agreement shall be referred in writing to the General Services Administration Contracting Officer. This contract is between GSA and the Lessor. GSA assumes no financial responsibility for any cost incurred by the Lessor except as provided by the terms of the lease agreement or authorized in writing by the GSA Contracting Officer. If Lessor delivers space with improvements not authorized or requested in writing by the GSA Contracting Officer, then Lessor shall not be entitled to compensation.
18. Wherever the words "Offeror", "Lessor" or "successful offeror" appear in this Lease, they shall be deemed to mean "Lessor"; wherever the words "solicitation", "Solicitation for Offers", or "SFO" appear in this Lease, they shall be deemed to mean "this Lease"; wherever the words "space offered for lease" appear in this Lease, they shall be deemed to mean "Premises".
19. **WAIVER OF RESTORATION:** The Lessor hereby waives, releases and discharges, and forever relinquishes any right to make a claim against the Government for waste, damages, or restoration arising from or related to (a) the Government's normal and customary use of the leased premises during the term of the lease (including any extensions thereof), as well as (b) any initial or subsequent alteration to the leased premises, including cabling, or removal thereof, during the term of this lease (including any extensions thereof), where such alterations or removals are performed by the Lessor or by the Government with the Lessor's consent, which shall not be unreasonably withheld. The Government may, at its sole option, abandon property in the leased space following expiration of the Lease, in which case the property will become the property of the Lessor and the Government will be relieved of any liability in connection therewith.

Initials: smc & AM
Lessor Government